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CURRENT INTELLIGENCE DIGEST

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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GENERAL

1. Comments on Gromyko's appointment as Ambassador to London: The British Foreign Office states that it has no evidence to indicate that the appointment of Andrei Gromyko as Soviet Ambassador to London is of special significance. The British Embassy in Moscow has commented only that Gromyko seems tired and may be receiving an easier assignment. One Foreign Office official suggests that Gromyko is being moved from Moscow because of his limited success at the Palais Rose and Japanese peace treaty meetings.

The British press attaches special importance to the appointment and notes that Gromyko can be expected to try to capitalize on Aneurin Bevan's criticism of American policies. Bevan, however, told a Labor Party meeting on 16 June that the new Ambassador would be "making a great mistake" if he thought he could divide the West "merely for the sake of promoting any Soviet design."

The American Embassy in London suggests that the principal purpose in recent shifts of Soviet diplomatic personnel may have been the transfer of Panyushkin from Washington to Peiping, and that the other moves have been subsequent administrative adjustments.

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2. Canadian opinion opposed to inclusion of Japan in COCOM: Responsible officials in Ottawa state that the consensus of Canadian thinking is opposed to Japan's becoming a member of COCOM. The Canadian officials fear making Japan more dependent for subsistence upon other free economies, and foresee practical difficulties for Japan in applying the end-use control lists designed for Western conditions. They feel the proposal to include Japan represents the wrong approach to an essentially Oriental power.

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EASTERN EUROPE

3. Czech press claims another American soldier from West Germany has requested asylum: Prague Radio announced on 14 June that the Czech Government has granted asylum to Willis Bergen, born in Portland, Oregon, a member of the US Army in Western Germany, who reportedly fled from his company and crossed the frontier into Czechoslovakia. He allegedly declared that he did so on political grounds and that he disagrees with "the revival and rearmament of the Nazi army in Western Germany and condemns the aggressive line of American policy." [redacted]

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Comment: Nothing else is yet known of the defection of Bergen. This is the third defection to Czechoslovakia by American soldiers stationed in Western Germany since 1950. Bergen's case and its treatment by the Czech Government seems to follow the pattern of the defection in December 1950 of Corporal Alexander Czarnecki, who rescinded his request for asylum last April after more than a year in various Czech and Polish prisons.

4. Finns reported alarmed at change in Soviet tactics: The present official Soviet attitude toward Finland of politeness, correctness, and friendliness has nonplussed the Finnish Government and is regarded as a serious danger, [redacted]

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[redacted] The Finns are uncertain how to react but feel obliged to respond to politeness with politeness.

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The [redacted] this will embarrass the Finns into making concessions which they would never have considered in their former normal acrimonious relations with the Soviet Union. [redacted]

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Comment: The US Legation in Helsinki, commenting recently on the Soviet Union's easing of pressure on Finland, stated that a new trend appears to have been established. Other evidence indicates a deliberate change of attitude by the USSR toward Finland. For example, the Soviet Minister in Helsinki has been careful in recent months not to offend those Finns who are notoriously anti-Russian.

5. Rumania cracks down on peasants: On 10 June, Scanteia, the official Rumanian Workers' Party newspaper, emphasized the necessity for stronger state discipline. "Thanks to the

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25X1 help of the workers, the situation of the peasants has improved considerably," the paper observed, but "nevertheless, the peasants have not been asked to participate to a degree proportionate with their increased possibilities for the increase of the incomes of the State and the development of the country's economy on the road to Socialism." Asserting that this was due to the protection of "kulak" elements by a "right-wing deviation" led by Vasile Luca, supported by Teohari Georgescu and Ana Pauker, Scanteia called on state and party authorities to improve agricultural and tax collections and to stress to the peasants the "sacred duty" of meeting their obligations to the State. [redacted]

Comment: This supports the belief that the recent purge in Bucharest was largely intended to tighten the Rumanian economy and hasten its Sovietization. The collectivization drive has been stepped up considerably in recent months; and private traders in basic agricultural products have been reported eliminated.

6. Church-State conflict sharpens in Yugoslavia: Relations between the Serbian Orthodox Church and the Tito regime apparently reached an impasse after the refusal of orthodox priests to recognize a Communist-controlled Society of Orthodox Priests and to reach a decision on a government-sponsored plan to appoint only Macedonians to high church offices in Macedonia.

25X1 In the Yugoslav-controlled zone of the Free Territory of Trieste, Yugoslav authorities issued a communique attacking the hostile activities of Catholic Bishop Santin of Trieste. The Bishop is accused of ordering his subordinates to sign a declaration asserting the absence of religious freedom in Zone B and forbidding priests to cooperate with Zone B local authorities. [redacted]

Comment: The Tito regime has attempted to dominate Orthodox affairs by forcing recognition of the state-sponsored Society of Orthodox Priests and by establishing an autonomous Macedonian Orthodox Church. The refusal of the Orthodox bishops to bow to state pressure illustrates the importance of the issue at stake and demonstrates the strength of the Church as an important symbol of Serbian life.

The Tito regime is attempting to identify Catholic prelates in Trieste and Slovenia with Italian foreign policy. Bishop Santin of Trieste, because of his militant pro-Italian orientation, has long been a favorite target of Yugoslav propaganda.

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FAR EAST

7. Japanese Diet will approve Chinese Nationalist treaty: Japanese Foreign Office officials are confident the treaty with Taipei will be approved prior to the Diet recess, according to Ambassador Murphy. The Ryokufukai, which represents the principal Upper House opposition, will support the government in the voting. Its criticisms are largely for the pre-election record.

Foreign Office officials advise that the Diet, however, will approve the treaty with India prior to the Chinese Nationalist treaty as a gesture indicating its attitude toward the two pacts. [redacted]

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Comment: There has been little enthusiasm for the pact with Taipei. The general view has been that there is little to be gained by the treaty, and some Japanese consider it a final payment on the San Francisco Treaty.

The Indian treaty is popular because it calls for no reparations and appears to be a gesture of friendship from an important Asian nation.

8. Japanese labor's 17 June strike plans upset: Japanese labor's announced plan for a 17 June strike, directed against Diet enactment of government revisions in the labor laws, was upset by the coal miners, according to Ambassador Murphy. Officials of the coal miners' union, at the last minute, were unwilling to order the planned 24-hour work stoppage in view of management's threat to discharge the officials responsible. The coal miners now want one-hour work stoppages on each shift.

The impetus for the 17 June strike has also been lessened by the desire of the private railway workers, seamen and textile workers to postpone it for four to six days.

Murphy states that the strikes will be supported by sufficient power plant workers to curtail power production by 25 percent. Some 30 thousand other workers will strike for two to four hours. [redacted]

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Comment: Those unions urging postponement thought that the Diet Upper House study of the labor legislation would get in full swing around 20 June, and therefore, they plan to strike after that date.

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The strong action threatened by the coal mine operators represents a far cry from the early post-occupation days when management was very unsure of itself under laws granting new freedoms to labor.

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9. Rhee rejects compromise with Assembly: [redacted]
[redacted] to the South Korean Prime Minister on 16 June was told that negotiations for the four-point compromise with the Assembly were off. The Prime Minister very excitedly stated that the President must be "out of his mind." Ambassador Muccio adds that, although the situation is not entirely clear, it appears that Rhee could have a compromise which would leave him in power if he were willing to make reasonable concessions to the Assembly's position. Muccio sees no indication that Rhee is in a mood to make even minimum concessions. The President seems convinced that compromise is no longer necessary and that his intimidation campaign will bring the Assembly around. [redacted]

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10. Chinese paratroop training reported near Canton: A Chinese Communist paratroop training center was recently reported established at Chuchiang, 120 miles north of Canton in south China, according to the Chinese Nationalist Ministry of National Defense (MND). [redacted]

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Comment: In January the MND stated that part of the Chinese Communist 7th Airborne Division was located at Chuchiang. There have been few reports of paratroop training south of the Yangtze River; most of this training has been in North China and Manchuria. The progress of Chinese airborne capabilities is followed closely by the Chinese Nationalist military authorities because they believe that paratroopers will be used to invade Formosa.

11. Communists increase purchasing in Hong Kong: Persistent reports indicate that Communist purchasing in Hong Kong has been increasing since 1 June. Prices of pharmaceuticals, industrial chemicals and metals are rising slightly under the stimulus of increased demand.

Local trade circles say, however, that minor buying flurries have occurred occasionally since Communist purchases dropped off toward the end of 1951. Enthusiasm is further tempered by the opinion that the long term policy of the Communists is to by-pass Hong Kong and establish direct lines of trade with Japan and Europe. [redacted]

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Comment: There is no sign of a wholesale revival of Hong Kong's trade with the Communist mainland. Exports to mainland China have been averaging about 20,000,000 Hong Kong dollars per month in 1952. In comparison, the 1951 export figures ranged from a high of 245,000,000 Hong Kong dollars in March to a low of 52,000,000 in December.

12. Burmese desire to send military mission to United States: The American Embassy in Rangoon has been informed by the Burmese Foreign Office that Defense Minister Ba Swe, after discussing the matter with the American Army Attaché, wishes to send a military mission to the United States. The Embassy reports that the mission would probably be primarily interested in the procurement of military equipment and training billets for Burmese personnel. The Foreign Office spokesman inquired if such assistance could be obtained without financial or moral obligations. [redacted]

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Comment: The Burmese have long desired to reduce their dependence on Great Britain for military assistance and are aware that the United States is the only alternative source.

13. High Commissioner of Malaya may recommend more American aid: The American Consul in Kuala Lumpur believes that General Templer, High Commissioner of the Federation of Malaya, during his imminent visit to London may advocate greater American participation in the Malayan struggle. He may propose Mutual Security aid to obtain military supplies or American subsidization of natural rubber.

The High Commissioner is gravely concerned over the rubber price situation, and he may argue in London that the success of the anti-Communist campaign in Malaya should not be jeopardized by a drop in the price of rubber. [redacted]

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Comment: During the past two years, funds for the war in Malaya have been supplied chiefly by the Federation of Malaya, which has maintained a budget surplus largely through revenue from rubber exports.

14. American Ambassador recommends firm policy on aid to Indonesia: American Ambassador Cochran believes that continuation of the US aid program to Indonesia on the present equivocal basis will undermine rather than strengthen American

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objectives and prestige in that country. He therefore recommends that no further aid be extended until Indonesia states clearly what obligations it will assume in return for the assistance. [redacted]

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Comment: The last Indonesian Cabinet fell early in April because it secretly agreed to the requirements of the Mutual Security Act. The present cabinet, while stating it desires American economic aid, has refused to indicate the terms on which it would accept help.

NEAR EAST - AFRICA

15. British Foreign Office refuses to intervene in Jordan regency situation: The British Foreign Office has refused to support Iraqi ambitions in respect to the political situation in Jordan. The British have turned down several requests for support from Iraqi-supported Prince Naif, King Talal's brother, and have ignored a Lebanese intervention on behalf of Naif.

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[redacted]

Comment: The British are evidently reluctant to lend any encouragement to Iraqi ambitions in Jordan, and are aware that support of Naif's claims would be taken as such, and therefore greatly resented by Egypt, Saudi Arabia, Syria, and even Israel.

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WESTERN EUROPE

16. Russians may again cut off vital canal link to Berlin: According to a source of unknown reliability, the USSR plans to close the Rothensee canal ship-lift next month for extensive repairs. [redacted]

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Comment: The closing of this lock would again cut off all canal traffic between West Germany and Berlin via the Mittelland Canal system, one of two alternate routes. In one of the main Soviet harassing measures, last year this lock was closed from January to November.

Another recent report indicated that the canal might be closed sometime during this year.

17. Report of cutback in Soviet oil operations in Austria said to be exaggerated: Commenting on reports that the Soviet Oil Administration (SMV) in Austria has cut back operations, [redacted]

he knows of no Soviet orders to close any sector of the SMV, nor is he aware of any wide reorganization of the SMV. The limitation of operations in one oilfield is considered normal.

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Comment: The report of the cutback in operations came [redacted] and occasioned interest because of the possibility that such action might foreshadow a new Soviet policy in Austria. Evidently the first report was exaggerated.

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18. Italy favors use of Schuman Plan Assembly for creation of European federation: Italy favors the French proposal to give the Schuman Plan Assembly the responsibility for creating a common political authority in Europe. Nevertheless, Italy is alarmed by Schuman's insistence upon having all Schuman Plan and EDC institutions concentrated in Strasbourg. The French want ultimately a capital for Europe along the lines of the District of Columbia. For the present, however, Italy would like to have at least one organ of the emerging European federation within its territory.

Schuman has told the Italian Ambassador that the French Socialists can probably be won over to support the proposal, if the six-nation Schuman Plan Assembly is expanded to include observers from other European countries. [redacted]

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Comment: The De Gasperi government wants the headquarters of one of the proposed European institutions on its territory for reasons of national prestige as well as because of its desire to popularize in Italy the idea of European federation.

19. Italy may not ratify EDC treaty: The American Embassy in Rome reports that the Italian Parliament will not be able to initiate committee consideration of ratification of the European Defense Community treaty until after the summer recess which ends in late September. A crowded schedule of proposed domestic legislation, which includes an anti-Communist measure, appropriation bills, and revision of the election laws, precludes any consideration of the treaty before then.

The Embassy foresees no constitutional bar to ratification, and predicts that the pro-government parties will command a comfortable majority, although some individuals in center parties may be influenced by propaganda from the neo-Fascist press. There seems to be no reason to doubt that the Vatican will support ratification.

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20. Italian Government's anti-Communist methods have dangerous aspects: The American Embassy in Rome believes certain measures contemplated by the Italian Government in its current campaign against the Communists will do as much harm as good. These measures include strengthening of the penal code, and urging the passage of a civil defense bill, a restrictive labor bill, aspects of which are of doubtful advisability, and a press bill, provisions of which, the Embassy states, are dangerously close to press censorship.

De Gasperi also plans to reduce Communist land-holding, arms-carrying, and travel. As these measures would be enforced on a local level, they would hardly curtail the activities of the Communist Party leadership.

The Italian Government hesitates to undertake such vigorous repressive action as was taken in France, in view of the careful legal line which the Italian Communists have usually followed and are expected to follow until the 1953 elections. Furthermore, repressive action would alienate the Social Democrats from De Gasperi, whose "stand against the tendencies in his own party and in Catholic Action to push the Christian Democrats to the right depends squarely on Social Democratic support."

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Comment: Even the civil defense bill is regarded by the other democratic parties as an attempt to build up a Christian Democratic military arm.

21. Agricultural strikes in Italy may reflect changing Communist tactic: The spreading wave of strikes by all categories of agricultural workers in northern Italy may represent a shift in tactics by the Communist-dominated General Confederation of Labor (CGIL), the American Embassy in Rome notes. It points out that at least temporarily the number of industrial strikes has been declining.

In order to claim credit for any future concessions, CGIL has taken the lead in supporting the farm workers. The Embassy predicts that the rival non-Communist Italian Confederation of Labor Syndicates (CISL) will probably follow suit. Both organizations maintain that agricultural workers should receive the same "family allowance" benefits that industrial workers are expected to obtain in their current negotiations with Confindustria, the Italian Confederation of Industrialists.

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23. Passport requirements to be abolished among four northern European countries: Denmark, Finland, Norway, and Sweden have decided to abolish passport requirements for travel among these four countries, and a joint committee is working out the remaining technical difficulties. Norwegian and Swedish military and police authorities did not favor the measure since they

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[redacted]
felt that it would complicate internal security problems.

Comment: The hesitation of the Norwegian and Swedish authorities stems largely from a heightened security consciousness stimulated by recent revelations of extensive Communist espionage in Sweden.

LATIN AMERICA

24. Cuban Communists' "summer camp" may have strategic value: The Cuban Communist Party recently established a so-called "summer camp" on the Isle of Pines. This may have a very important strategic value for the Cuban Communists in case of war or in case they might want to contact Soviet submarines in the waters south of Cuba. Ever since World War II the keys off the south coast of Cuba have been of great interest to the Communists. [redacted]

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[redacted]
Comment: The southern coastline of Cuba with its long uninhabited stretches, the numerous sparsely inhabited keys, as well as the near-by secluded islands with many natural harbors, lends itself well to submarine fueling and provisioning activities.

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TOP SECRET SUPPLEMENT

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